BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION	**)**	
DELMARVA POWER & LIGHT COMPANY	**)**	
FOR APPROVAL OF MODIFICATION TO	**)**	**PSC DOCKET NO. 12-419F**
ITS GAS COST RATES	**)**	
(FILED AUGUST 31, 2012)	**)**	

DIRECT TESTIMONY OF

MALIKA DAVIS

ON BEHALF OF THE STAFF OF THE

DELAWARE PUBLIC SERVICE COMMISSION

PUBLIC VERSION

MARCH 6, 2013

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I. Introduction and Purpose of Testimony

Q. Please state your name, business address, and current occupation.

A. My name is Malika Davis. My business address is 861 Silver Lake Boulevard, Suite 100, Dover, Delaware 19904. I am a Public Utility Analyst II for the Delaware Public Service Commission ("PSC" or "Commission"). I have been employed as a Public Utility Analyst since joining the Commission in March 2010.

Q. What are your job responsibilities as a public utility analyst?

A. I am responsible for the certification of Delaware electric suppliers, the monitoring of Delmarva Power & Light's ("Delmarva" or the "Company") quarterly reports related to customer service and operational issues, and the monitoring of Delmarva's quarterly rate of return reports. I also monitor Delmarva's monthly reports for the gas cost rate recovery schedules and quarterly hedging reports. I am part of the team that works with the Company regarding issues related to customer education initiatives involving advanced metering infrastructure and dynamic pricing. I have also served as the case manager in Delmarva's most recent Environmental Surcharge Rider cases. Additionally, I will serve as the case manager for Delmarva's natural gas base rate case currently before the Commission.

Q. What is your professional experience and educational background?

A. I have a Bachelor of Science in Marketing and Business Administration and a Master of Business Administration from Delaware State University. Prior to my employment with the PSC, I was employed as a Management Analyst I with the Delaware Division of Motor Vehicles (DMV). My duties included monitoring the Commercial Driver Licensing Program for compliance with State and Federal laws and regulations, training driver license examiners, issuance staff, and driver improvement staff, interacting with other State and Federal agencies, representing the DMV at administrative hearings, applying for Federal grants and maintaining compliance with Federal requirements for grant reporting. Before accepting the position with the DMV, I was employed as a Labor Market Analyst with the Delaware Department of Labor in the Office of Occupational Labor Market Information, where I was assigned to work on the Occupational Employment Statistics program. I was also previously employed at Delaware State University where I held several positions including Records Office Assistant/Secretary, Acting Lead Student Services Generalist, Adjunct Instructor, and Career and Academic Advisor for the College of Business.

Q. What is the purpose of your testimony?

A. I was assigned to review Delmarva's Application for a Change in Its Annual Gas Cost Rates (the "Application") to ensure that the proposed rates are just and reasonable, and that they comply with Delmarva's tariff. In my testimony I have included a recommendation to the Commission with regard to the treatment of this Application.

II. Summary of Conclusions

Q. Please summarize your conclusions and recommendations.

A. After reviewing the Application and responses to data requests I have formed the following conclusions and recommendations:

- The Gas Cost Rates ("GCR") requested in the Application for November 1, 2012, through October 31, 2013, and approved by the Commission on a provisional basis in Order No. 8217, should be approved as final. These rates will be subject to a true-up in Delmarva's next GCR proceeding based on actual gas procurement costs and revenue during this period.
- It appears the Company is complying with the settlement agreement in Docket 11-381F.
- The Company should continue with its actions to mitigate increases in fixed costs with regard to pipeline charges, storage services and peaking sources.
- The Company should continue to update Staff and the Division of the Public Advocate ("DPA") as to how it is planning to meet its legislatively mandated reductions in natural gas use.
- The Company should examine possible changes regarding the annual GCR filings to address the repeated need to request waivers of Section XX D of its gas tariff.

III. Background of the Application

A. Summary and Review of the Application

Q. Please summarize the Application.

A. The GCR is the rate that the Company charges its customers to recover its natural gas costs for the twelve month period from November 1st through October 31st of each year, also known as the Gas Cost Year ("GCY"). The Company's tariff requires an annual estimated GCR filing to be made by August 31st of each year. The tariff also contains a provision for reconciling over- or under-recoveries from a preceding year. The GCR recovers the Company's total purchased gas costs. Components of the purchased gas costs include commodity purchases, transportation, demand, storage, capacity charges, and hedging costs. Any refunds received from the Company's suppliers are credited against the GCR.

The Application shows a projected under-recovery balance of $12,008,315 for the period ending October 31, 2012. The rates effective November 1, 2012, are based on projected sales data and gas costs for the twelve-month period November 1, 2012, through October 31, 2013. The Company provided testimony to reconcile and true-up actual with estimated Commodity Cost Rate assignments for its Large Volume Gas service ("LVG") and electing Medium Volume Gas service ("MVG") customers.

Q. What changes to the current GCR is the Company proposing?

A. On August 31, 2012 Delmarva filed an application to revise the GCR demand and commodity charge applicable to Service Classifications MVG and LVG, to revise the volumetrically applied GCR factors applicable to Service Classifications Residential Gas Sales Service ("RG"), General Gas Sales Service ("GG"), Gas Lighting Sales Service ("GL"), and non-electing MVG, effective on November 1, 2012, with proration. Additionally, the Company proposed to reconcile and true-up actual versus estimated Commodity Cost Rate assignments for LVG and electing MVG Customers.

Below is an illustration of the modifications Delmarva is proposing to its GCR:

	Present		Proposed	
Rate Schedules	GCR Demand Charge	GCR Commodity Charge	GCR Demand Charge	GCR Commodity Charge
RG, GG and GL	N/A	88.804¢/ccf	N/A	68.967¢/ccf

Non-electing MVG	$11.0936/Mcf	$7.1740/Mcf of Billing MDQ	$11.6589/Mcf	$5.1051/Mcf of Billing MDQ
Electing MVG and LVG	$11.0936/Mcf	Varies of Billing MDQ	$11.6589/Mcf	Varies of Billing MDQ
Standby Service	$11.0936/Mcf	N/A of Billing MDQ	$11.6589/Mcf	N/A of Billing MDQ

Q. How would the proposed changes to the GCR impact Delmarva's residential customers?

A. An average residential space heating customer using 120 ccf during a winter month will experience a decrease of $23.80 or 14.4%, in his total bill. I have attached a bill calculation (Attachment MD-1) showing the percentage of the total bill associated with the GCR change.

Q. How much of an average residential customer's bill can be attributed to the GCR?

A. Approximately 60-70% of a customers' bill is comprised of commodity costs. Commodity costs are recovered through the GCR.

Q. Please explain the impact of the proposed GCR changes for Commercial and Industrial customers.

A. These customers will experience decreases ranging from 12.7% to 25% depending on load and usage characteristics.

Q. Please explain your review of the Application.

A. I reviewed the Company's Application, including testimonies and exhibits; prior GCR dockets, orders, and documents regarding follow-up issues; and the 2011-2012 quarterly hedge reports. I also reviewed the natural gas demand supply plan for this Application and the strategic gas supply plan for the period 2012/2013 through 2017/2018.

In addition to information obtained through formal and informal discovery, I attended meetings with various Company personnel involved with the GCR. I also performed monthly audits of Delmarva's GCR sales, revenues, and costs.

Q. Were you assisted in your review of this filing?

A. Yes. Mr. Jerry Mierzwa was retained by the Commission to assist Staff in reviewing the GCR filing, the Company's Supply Plan, and evaluating the Company's procurement activities against established regulatory standards. Mr. Mierzwa's review focused on gas costs, gas purchasing practices, the hedging program and the management of the Company's gas supply.

B. Assessment of the Application

Q. What actions did you take in preparing for this filing?

A. Prior to the Company filing this Application, I was involved in auditing the Company's gas costs. Each month the Company submits regulatory reports to the Commission. I review the report entitled "Comparison of Gas Expense and Recovery" each month. This report provides totals for firm sales, total GCR revenue, total gas cost, the Company's monthly over- or under-recovery, the deferred fuel balance (year-to-date), and the percentage over- or under-recovery. The Company also supplies reports addressing the development of annual commodity and demand expenses, summarizing the sales and gas cost rate revenues for the various classes, and summarizing all pipeline purchases, storage injections and withdraws, and hedge program financial settlements.

Each month the Company submits back-up to these reports consisting of:

- Changes of MVG & LVG contract MDQs in Mcf.
- Spreadsheets detailing all line item charges to firm and non-firm transportation customers.
- Accounting reports for accounts such as: Gas System Purchases, Gas Injections and Withdraws, Flexibly Priced Sales ("FPS") costs, and Revenues from Off-System Capacity.
- Monthly GCR sales totals back-up for Residential, MVG (electing and non-electing), and LVG customers.

Q. Regarding the monthly-over or under- recovery information provided in the above reports, is there a section of the Company's gas tariff regarding over- or under-recovery?

A. Yes. Section XX D of the Company's gas tariff requires that if it appears at any time during the GCY that the GCR in effect will result in a net under-recovery of more than 6%, the Company shall apply to the Commission for a change in the GCR.

Q. What is the current projected status for the recovery of this GCY?

A. On February 19, 2013, the Company notified Staff and the DPA that the projected under-recovery for this GCY is expected to be 6.3%. On February 21, 2013, the Company filed its monthly regulatory reports confirming this under-recovery. On February 25, 2013, the Company filed a request for a waiver of Section XX D of its gas tariff with the Commission.

Q. Has the Company previously filed for a waiver of Section XX D of its gas tariff?

A. Yes. The Company asked for a waiver of this section of its gas tariff in two recent GCR filings, PSC Docket Nos. 09-385F and 11-381F.

Q. What reasons did the Company set forth as the causes of the under-recovery in all three GCR cases?

A. There were several reasons set forth in each case; however, each case included the shortfall in natural gas sales as a major contributor to the under-recovery.

Q. What did the Company state as the primary reason for requesting the waivers?

A. In all three cases the primary reason for requesting a waiver of the interim rate change to the GCR was timing. The new GCR would take effect outside of the heating season. Therefore, any adjustment would not significantly impact the projected under-recovery.

Q. What was the projected under-recovery at the time the prior waivers were requested?

A. In Docket No. 09-385F it was 7.4% or $9 million (based on six months actual results and six months estimated) for the 2009 – 2010 CGY. In Docket No. 11-381F it was $5.7 million or 6.5% for the 2011 – 2012 GCY (based on three months actual and nine months estimated). The current projected under-recovery of fuel expenses (based on three months actual and nine months estimated) for this case is $4.7 million or 6.3% for the 2012-2013 GCY.

Q. **The Company requested a waiver due to the under-recovery of the deferred fuel balance in the 2009, 2011, and 2012 GCR filings. Did the Company request any waivers in the 2010 GCR filing, which is PSC Docket No. 10-295?**

A. Yes. In Docket No. 10-295 the Company proposed an alternative recovery option that would partially defer recovery of half the under-recovery of its fuel costs. It proposed this alternative as a way to mitigate the impact on customers, given the economy at the time of that filing. Instead of recovering the entire balance in one year as provided by the Company's gas tariff, the company proposed (and the Commission approved) recovery of the balance over a two-year period.

Q. What was the projected under-recovery at the time Docket No. 10-295 was filed?

A. The projected under-recovery was 18.3% or $24.5 million based on nine months actual and three months estimated. $3.9 million of the $24.5 million was attributed to the deferred fuel balance from the previous GCY.

Q. What were the some of the reasons for the large under-recovery?

A. Lower than forecasted sales as a result of the depressed economy, warmer than expected weather, costs that were higher that forecasted, and hedges made under the previous hedging program were given as the major contributing factors.

Q. The Company stated in the waiver request filed on February 27, 2013, that "The fact that the estimated deferral balance is currently only 1/3 of 1 percent outside of the deferral dead band serves to emphasize the fact that an interim increase under the current

circumstance would not be in the best interest of Delmarva's customers." What were the actual under-recovery amounts for the GCR periods ending October 2010 and October 2012?

A. The actual under-recovery for the GCR period ending October 31, 2010, was 19.8% or $26.7 million, and the actual under-recovery for the GCR period ending October 31, 2012, was XXX% or $XXX million. While the percentages outside of the deferral dead band, 1.4% and 0.5% respectively, were not very large at the time of the waiver request, not implementing an interim rate increase appears to have contributed to larger under-recovery balances at the end of the periods.

Q. What recommendations does Staff have regarding the Company's repeated requests for waivers of Section XX D of its gas tariff?

A. Lower than forecasted sales and timing of an interim rate increase are reoccurring reasons for the waiver requests. Staff recommends that the Company examine possible changes in the GCR process, such as a change in the GCR determination period and/or filing date or a semi-annual or quarterly GCR filing that could help avoid the need for these waiver requests.

C. 2011/2012 Gas Cost Rate Proceeding

Q. Please summarize the provisions of the settlement agreement reached in the previous year's GCR, Docket No. 11-381F, and your understanding of the Company's compliance with those provisions.

A. The Commission entered Order No. 8203 on August 21, 2012, and approved the settlement agreement that arose out of last year's GCR. There were six provisions of the settlement agreement. Below is a brief summary of each provision and the Company's compliance with each issue.

1. GCR Rates:

The parties agreed that Delmarva would implement the rates proposed in the filing. Staff's review of the Company's gas tariff leafs show that it has complied with this provision.

2. Natural Gas Hedging Program:

The parties agreed that Delmarva would continue to execute its Gas Hedging Program in accordance with the settlement approved in Docket No. 08-266F and further continue to hold quarterly hedge meetings to discuss and review the program. Staff, DPA and the Company have continued to have quarterly meetings to discuss the hedging reports that the Company submits.

3. Asset Management:

Delmarva agreed to notify Staff and DPA prior to entering into any natural gas asset management agreement involving the assignment or transfer of more than 25% of its total natural gas supply portfolio to one single manager. The Company has confirmed through discovery that it has not entered into any such agreements.

4. Capacity:

Delmarva agreed to regularly evaluate its portfolio of pipeline capacity and storage assets, its design day reserve, and asset revenue opportunities, taking into consideration overall system reliability, fixed costs, supply diversity and future customer needs. The projected reduced capacity costs for this GCY show that Delmarva is in compliance with this provision of the settlement.

5. Inclusions in the next GCR filing: Delmarva was required to provide an update on how it is planning to meet the legislatively-mandated goal for reduction in natural gas consumption over the next several years. Mr. Collacchi' s testimony (page 7) states that Delmarva is an active participant in the Energy Efficiency Resource Standards Workgroup and that the Company regularly provides its customers with information on how to conserve natural gas and reduce their consumption.

D. Forecasted Gas Sales and Supply Costs

Q. Please summarize the projected sales forecast for the November 2012 – October 2013 GCR.

A. The Company used the same methodology it used in Docket No. 11-381F to forecast its sales for the current GCR. The forecasts for Residential, Residential Space Heat, and General Gas customers are projected using a multi-variant econometric model. The larger rate classes' forecasts are determined on a customer-by-customer basis using sales patterns, production and maintenance schedule changes, and load additions or deletions. Normal weather is defined as the 30-year average of monthly Heating Degree Days on a 65 degree Fahrenheit base ("HDD"), which is consistent with Commission Order No. 6327 in Docket No. 03-137.

Delmarva projects the firm throughput volume for November 2012 through October 2013 to decrease from the prior GCY. Firm sales are expected to decrease slightly by 0.7%, and firm transportation is projected to decrease by 3.8%, as shown below.

	2011-2012 forecast	2012-2013 forecast	Change	% Change
Firm Sales	12,946,388 Mcf	12,856,057 Mcf	(90,331) Mcf	-0.7%
Firm Transportation	6,640,926 Mcf	6,388,595 Mcf	(252,331) Mcf	-3.8%
Firm Throughput	19,587,314 Mcf	19,244,652 Mcf	(342,662) Mcf	-1.7%

Q. Was there any difference in the data source used to obtain normal weather in this year's GCR?

A. No. The HDD history is based on NOAA weather data collected at the "Wilmington" site located at the New Castle County Airport, New Castle, Delaware. This is consistent with Order No. 6327 in Docket No. 03-137, which directed the Company to use NOAA data once it became available to Delmarva's Gas Delivery division. The Company began using NOAA data in the 10-295F GCR case.

Q. What percentage loss factor did the Company use in this Application to account for gas that is lost and unaccounted for?

A. The Company used a 3% loss factor. This is a change from the loss factor that was used in the Company's previous application. The Company has proposed that the loss factor be increased from 2% to 3% due to a revised methodology for determining GCR customer losses. Staff witness Mierzwa further discusses this change in his testimony.

Q. Was there any unique adjustment made to this GCR?

A. Yes, the Company reduced the Deferred Fuel Balance by $2,000,000 to account for amounts attributed to a large volume gas customer for lost and unaccounted for (LAUF) gas. A corresponding adjustment was also made to the interest expense calculation to adjust for the LAUF issue. Staff witness Mierzwa further discusses the LAUF issue with this customer in his testimony.

Q. Please discuss how the forecasted spot purchase costs were developed.

A. The Company used the NYMEX gas futures closing prices on August 13, 2012, as its spot (wholesale) gas price. The Company believes that using a different methodology is not likely to provide a more accurate GCR forecast. This methodology is in compliance with Delaware PSC Order No. 6956 from Docket No. 05-312F, which states that:

> (a) Delmarva will use the NYMEX natural gas futures as the primary tool in establishing its proposed gas cost rate each year;
>
> (b) Delmarva will use the NYMEX gas futures prices based upon a single day's close or an average of two or more days of closing prices selected from actual gas futures closing prices observed between July 20 and August 20 each year;
>
> (c) Delmarva will use a consistent gas futures forecasting methodology from year-to-year unless, in its good faith business judgment, the Company believes that market indicators suggest that a different methodology is likely to provide a more accurate gas cost rate forecast.

Q. Please summarize the projected natural gas commodity costs for the November 2012 – October 2013 GCR.

A. Storage withdrawals are estimated to make up 28.6% of the commodity requirements, with an estimated cost of $3.37 per Mcf. Hedged purchases are estimated to make up 18.1% of commodity requirements, with an estimated cost of $6.48 per Mcf. Spot purchases are estimated to make up 53.3% of commodity requirements with an estimated cost of $3.44 Mcf. The

Company is currently estimating commodity costs of $54,640,528 for the 2012-2013 GCR period.

Q. Please summarize the Company's projected fixed costs for the November 2012 - October 2013 GCR.

A. The Company is projecting fixed gas costs totaling $28,415,551 for the 2012-2013 GCR period. This estimate includes costs related to pipeline capacity and supply, costs for storage and seasonal services, and costs for supplemental/peaking sources. The projected fixed costs are $215,549 or 0.8% lower than in the previous year's GCR projection. According to witness Giovanni's testimony, a combination of reduced contract costs, contract terminations and pipeline refunds--offset by some higher storage service contracts--attributed to the decrease in fixed costs.

Q. How do these costs relate to the fixed costs in the previous year's GCR periods?

A. Attachments MD-2 through MD-4 depict the changes in fixed costs over the past three years.

- In comparing the GCR period November 2009-October 2010 to November 2010-October 2011, transportation and storage contracts increased by $1,130,984 or 3.99%. (Attachment MD-2)
- In comparing the GCR period November 2010-October 2011 to November 2011-October 2012, transportation and storage contracts decreased by $762,733 or 2.59%. (Attachment MD-3)

- In comparing the actual costs for the GCR period November 2011-October 2012 to the projected costs for November 2012-October 2013, the transportation and storage contracts are projected to decrease by $267,227 or 0.93%. (Attachment MD-4)

Q. Do you have any recommendations regarding the fixed costs?

A. Yes. The Company should continue to take steps to mitigate increases in fixed costs when managing its pipeline capacity and storage portfolio.

Q. Is the Company proposing to increase the Transportation Balancing Fee assessed on the imbalance volumes of all transportation service customers?

A. Yes. The Company is proposing to decrease the Transportation Balancing Fee from $0.3829 per Mcf to $0.3348 per Mcf. This is a decrease of 13%. According to Mr. Jacoby's testimony (page 10), the decrease is due to a decrease in the estimated upstream cost of balancing and a projected decrease in total gas deliveries.

E. Capacity Release and Off-System Sales

Q. What are the Company's forecasted off-system sales and capacity release revenues?

A. The Company forecasts that it will receive $3,361,741 in gross margins from off-system sales and capacity release transactions.

Q. Is the Company complying with the margin sharing parameters in accordance with PSC Order No. 7658?

A. It appears that it is. In response to a data request, the Company provided a schedule showing monthly levels of capacity credits received along with the total amounts and amounts credited to ratepayers for the last five years. The Company also provided annual off-system sales revenues, expenses and margins, and capacity release revenues in response to another data request.

IV. Gas Cost Rate Recommendations

Q. Do you agree with the Company's request to modify its GCR factors?

A. Yes, the request appears reasonable. I recommend that the Commission approve the rates that were previously authorized on a temporary basis, subject to refund, for the 2012-2013 GCR period. The GCR true-up process will provide reconciliation between currently-projected gas costs and actual gas costs.

Q. Does this conclude your testimony?

A. Yes.

APPENDIX

Calculations based on residential customer using 120 ccf per winter month

Current			Proposed		
Customer Charge	$	10.40	Customer Charge	$	10.40
Commodity Charge*- 1st 50 ccf @.45802	$	22.90	Commodity Charge- 1st 50 ccf @.45802	$	22.90
Commodity Charge-over 50 ccf@.36754	$	25.73	Commodity Charge-over 50 ccf@.36754	$	25.73
Total Base Rate	$	59.03	Total Base Rate	$	59.03
ESR**	$	0.0156	ESR**	$	0.0252
GCR @$.88804/ccf	$	106.56	GCR@$.68967/ccf	$	82.76
TOTAL	**$**	**165.6092**	**TOTAL**	**$**	**141.8144**
Overall $ Decrease					-23.7948
Overall % Decrease					-14.4%
$ Decrease due to GCR				$	(23.80)
% Decrease due to GCR					-14.4%

* Commodity Charges based final rates approved in PSC Docket 10-237

** Current ESR= $.00013/ccf based on PSC Docket 11-382. Proposed ESR=$.00021/ccf based on PSC Docket 12-420.

Attachment MD-2

Delmarva Power & Light Company
Firm Transportation & Storage Contract Portfolio

Summary of Actual Fixed Gas Costs

Pipeline Capacity & Supply	2009-2010 Total Costs	2010-2011 Total Costs	Year-to-year Change	Percentage Change
TRANSCO SENTINEL FT	$4,697,287	$5,031,227	$333,940	7.11%
TRANSCO FT	$8,954,908	$9,369,149	$414,241	4.63%
TRANSCO FT (ESNG)	$86,284	$94,816	$8,532	9.89%
TRANSCO LIEDY-LINE FT	$216,829	$217,682	$853	0.39%
COLUMBIA FTS	$1,933,214	$1,948,159	$14,945	0.77%
GULF FTS-1 &FTS-2	$837,398	$1,152,296	$314,898	37.60%
TETCO ITP AND LATERAL	$1,879,772	$1,867,605	($12,167)	-0.65%
NATIONAL/NOVA/TCPL	$205,088	$205,088	$0	0.00%
EASTERN SHORE FT365	$4,095,792	$4,034,855	($60,937)	-1.49%
EASTERN SHORE T-1	$66,429	$71,860	$5,431	8.18%
EASTERN SHORE E-3 SURCHARGE	$249,321	$273,904	$24,583	9.86%
TRANSCO SENTINEL METER UPGRADE	$892,258	$892,258	$0	0.00%
SUBTOTAL	$ 24,114,580	$ 25,158,899	$ 1,044,319	4.33%
Storage & Seasonal Services				
TRANSCO GSS	$1,482,927	$1,491,403	$8,476	0.57%
COLUMBIA FSS	$637,333	$637,237	($96)	-0.02%
COLUMBIA SST	$800,108	$847,422	$47,314	5.91%
TRANSCO PS-3	$139,212	$139,980	$768	0.55%
PENN YORK SS-2	$328,179	$328,179	$0	0.00%
TRANSCO ESS	$524,160	$525,600	$1,440	0.27%
TRANSCO WSS	$169,252	$197,791	$28,539	16.86%
SUBTOTAL	$4,081,171	$4,167,612	$86,441	2.12%
Supplemental Peaking Sources				
TRANSCO LGA	$82,053	$82,277	$224	0.27%
TRANSCO LNG	$36,723	$36,723	$0	0.00%
SUBTOTAL	$118,776	$119,000	$224	0.27%
TOTAL	$ 28,314,751	$ 29,445,511	$ 1,130,984	3.99%

Source- Staff Data Request 54 in Docket No.10-295F and Updated Schedule MG-2 in Docket 11-381F

Delmarva Power & Light Company
Firm Transportation & Storage Contract Portfolio

Summary of Actual Fixed Gas Costs

Pipeline Capacity & Supply	2010-2011 Total Costs	2011-2012 Total Costs	Year-to-year Change	Percentage Change
TRANSCO FT	$9,369,149	$9,424,937	$55,788	0.59%
COLUMBIA FTS	$1,948,159	$1,941,076	($7,083)	-0.36%
TRANSCO SENTINEL FT	$5,031,227	$5,014,523	($16,704)	-0.33%
TETCO, TRUNK & PEPL	$1,867,605	$1,863,639	($3,966)	-0.21%
TRANSCO LEIDY-LINE FT	$217,682	$218,601	$919	0.42%
TRANSCO FT	$94,816	$0	($94,816)	
GULF FTS-1 &FTS-2	$1,152,296	$995,627	($156,669)	-15.74%
NATIONAL FUELS FT	$205,088	$105,566	($99,522)	-94.27%
EASTERN SHORE FT365	$4,034,855	$3,852,166	($182,689)	-4.74%
EASTERN SHORE T-1	$71,860	$68,239	($3,621)	-5.31%
EASTERN SHORE E-3 SURCHARGE	$273,904	$288,053	$14,149	4.91%
TRANSCO SENTINEL METER UPGRADE	$892,258	$894,691	$2,433	0.27%
SUBTOTAL	$ 25,158,899	$ 24,667,118	$ (491,781)	-2%
Storage & Seasonal Services				
TRANSCO GSS	$1,491,403	$1,494,219	$2,816	0.19%
COLUMBIA FSS	$637,237	$637,701	$464	0.07%
COLUMBIA SST	$847,422	$850,461	$3,039	0.36%
TRANSCO PS-3	$139,980	$135,062	($4,918)	-3.64%
PENN YORK SS-2	$328,179	$164,090	($164,089)	-100.00%
TRANSCO ESS	$525,600	$527,093	$1,493	0.28%
TRANSCO WSS	$197,791	$129,184	($68,607)	-53.11%
SUBTOTAL	$4,167,612	$ 3,937,810	($229,802)	-5.51%
Supplemental Peaking Sources				
TRANSCO LGA	$82,277	$41,027	($41,250)	-100.54%
TRANSCO LNG	$36,723	$36,823	$100	0.27%
SUBTOTAL	$119,000	$77,850	($41,150)	-34.58%
TOTAL	$ 29,445,511	$ 28,682,778	$ (762,733)	-2.59%

Source- Updated Schedule MG-2 in Docket No.11-381F and Data Request DPA 1-41 in Docket 12-419F

Delmarva Power & Light Company
Firm Transportation & Storage Contract Portfolio

Summary of Actual to Projected Fixed Gas Costs

Pipeline Capacity & Supply	2011-2012 Total Costs (Actual)	2012-2013 Total Costs (Projected)	Year-to-year Change	Percentage Change
TRANSCO FT	$9,424,937	$9,367,336	($57,601)	-0.61%
COLUMBIA FTS	$1,941,076	$1,963,044	$21,968	1.12%
TRANSCO SENTINEL FT	$5,014,523	$5,027,605	$13,082	0.26%
TETCO, TRUNK & PEPL	$1,863,639	$1,872,093	$8,454	0.45%
TRANSCO LEIDY-LINE FT	$218,601	$217,905	($696)	-0.32%
TRANSCO FT	$0	$0	$0	
GULF FTS-1 &FTS-2	$995,627	$1,161,586	$165,959	14.29%
NATIONAL FUELS FT	$105,566	$0	($105,566)	
EASTERN SHORE FT365	$3,852,166	$3,906,660	$54,494	1.39%
EASTERN SHORE T-1	$68,239	$66,432	($1,807)	-2.72%
EASTERN SHORE E-3 SURCHARGE	$288,053	$288,053	$0	0.00%
TRANSCO SENTINEL METER UPGRADE	$894,691	$892,246	($2,445)	-0.27%
SUBTOTAL	$ 24,667,118	$ 24,762,960	$ 95,842	0.39%
Storage & Seasonal Services				
TRANSCO GSS	$1,494,219	$1,489,870	($4,349)	-0.29%
COLUMBIA FSS	$637,701	$540,376	($97,325)	-18.01%
COLUMBIA SST	$850,461	$711,410	($139,051)	-19.55%
TRANSCO PS-3	$135,062	$160,034	$24,972	15.60%
PENN YORK SS-2	$164,090	$0	($164,090)	
TRANSCO ESS	$527,093	$498,968	($28,125)	-5.64%
TRANSCO WSS	$129,184	$215,211	$86,027	39.97%
SUBTOTAL	$3,937,810	$ 3,615,869	($321,941)	-8.18%
Supplemental Peaking Sources				
TRANSCO LGA	$41,027	$0	($41,027)	
TRANSCO LNG	$36,823	$36,722	($101)	-0.28%
SUBTOTAL	$77,850	$36,722	($41,128)	-52.83%
TOTAL	**$ 28,682,778**	**$ 28,415,551**	**$ (267,227)**	**-0.93%**

Source- Schedule MG-2 in Docket 11-381F and response to DPA 1-41 in Docket No.12-419F